

Exhibit

A

DBR FRANCHISING, LLC
FRANCHISE AGREEMENT

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DBR FRANCHISING, LLC
FRANCHISE AGREEMENT

This Agreement is made at 426 Vosseller Avenue, Bound Brook, NJ 08805, as of September 1, 2009, by and between DBR Franchising, LLC, a Delaware limited liability company, having its principal place of business at 426 Vosseller Ave., Bound Brook, New Jersey 08805 (hereinafter referred to as "Franchisor") and William Basch, (hereinafter referred to as "Franchisee"), having its principal place of business at 3 Walton Street, Brooklyn, NY 11206

RECITALS

Franchisor has developed and acquired a comprehensive business method known as the "HouseMaster" Method of operating a building inspection and related services business ("the HOUSEMASTER Business"). The HOUSEMASTER Method, consisting, in part, of confidential and proprietary business systems, techniques, and formats was developed through considerable expenditures of effort and money, and is identified by and with certain proprietary names and marks owned by Franchisor ("the HOUSEMASTER Method"). Further, Franchisor has developed through considerable expenditures of effort and money proprietary strategies for marketing and promoting a building inspection and related services business ("the Marketing Strategy").

Franchisor is in the business of franchising to others, who desire to engage in the HOUSEMASTER Business, the right to use the HOUSEMASTER Method, Marketing Strategy, and Franchisor's proprietary names, marks, software and forms associated with it, as currently developed and as improved in the future. In order to assist franchisees to use the HOUSEMASTER Method and Marketing Strategy efficiently and effectively in the operation and promotion of the HOUSEMASTER Business, and to provide high quality and uniform standards of service, Franchisor provides or makes available to franchisees various initial and continuing training and services.

Franchisee desires to use the HOUSEMASTER Method and Marketing Strategy in the operation and development of a building inspection and related services business under a franchise granted by Franchisor, and in conformance with the terms of this Agreement, from a location within a geographic area hereinafter described ("the Franchised Business"). Franchisee also desires to obtain and to derive the benefits of Franchisor's initial and continuing services, training, guidance, expertise, know-how, and information for its use in operating and managing the Franchised Business.

Franchisee acknowledges as essential conditions of this Agreement and the rights granted hereunder, and as consideration exchanged by and for the mutual benefit of all franchised users of the HOUSEMASTER Method, Marketing Strategy and names, that Franchisee adhere to the uniform standards of quality, procedure and format prescribed by the HOUSEMASTER Method and Marketing Strategy; preserve the confidentiality of the HOUSEMASTER Method and Marketing Strategy; and comply fully with the obligations hereinafter set forth.

Franchisor grants franchises within a reciprocal opportunity franchise territory within which more than one HOUSEMASTER franchisee will be granted the right to operate a Business; and in certain limited circumstances, Franchisor will grant a franchise for a Limited Area within which the franchisee will operate the HOUSEMASTER Business and in which no other HOUSEMASTER franchisee will be granted the right to operate ("Limited Area Franchise"). If a Limited Area Franchise is granted, Franchisee must execute a separate Addendum to Franchise Agreement for a Limited Area Franchise in addition to this Agreement.

In consideration of the foregoing recitals, of the mutual promises hereinafter set forth, and of other good and valuable consideration, Franchisor and Franchisee hereby agree as follows:

I. GRANT, EXCLUSIVE AREA, TERM AND INITIAL FEE

A. Grant of Franchise. Franchisor hereby grants to Franchisee, and Franchisee here by accepts from Franchisor, an exclusive area, right and franchise for the terms and upon the conditions and terms hereinafter set forth:

1. To use the HOUSEMASTER Method, Marketing Strategy, and Proprietary Marks as defined in Section VI.A. below in connection with the operation of the Franchised Business at a location within the following territory See Exhibit 'D' ("Reciprocal Opportunity Franchise Territory" or "ROF Territory"). Within this ROF Territory the Franchisee is granted the following geographic area designated by zip/postal codes: See Exhibit 'D' ("Designated Geographic Area"). Should the boundaries of any such postal codes change for any reason, Franchisee's Designated Geographic Area will be deemed to be the same geographic boundaries as those designated for those postal codes on the effective date of this Agreement. The Franchisee must establish a location for the Franchised Business ("Franchise Location") within the Designated Geographic Area, subject to approval by Franchisor. Franchisor shall not grant approval to another HOUSEMASTER franchisee to locate an office or itself or through an affiliate establish a HOUSEMASTER office within Franchisee's Designated Geographic Area. Franchisor reserves the right to establish other franchises using the HOUSEMASTER Method, Marketing Strategy and Proprietary Marks in the Reciprocal Opportunity Franchise Territory granted to Franchisee during the term and any successor term of this Agreement.

2. To use confidential information, trade secrets, operating manuals, software systems, Marketing Strategy, bulletins, forms and other business methods and know-how disclosed by Franchisor (along with the HOUSEMASTER Manuals, HOUSEMASTER Method, and Marketing Strategy, collectively referred to as the "Confidential Information"), solely in connection with the operation of the Franchised Business conducted in the ROF Territory and in accordance with the terms of this Agreement and in conformity with any requirements contained in the HOUSEMASTER Manuals as defined in Section VII.C. below or otherwise in writing.

3. To use Franchisor's proprietary names, marks, copyrighted works and methods franchised hereunder only in the manner prescribed by this Agreement and in

conformity with any requirements contained in the Manuals or otherwise in writing for so long as this Agreement shall remain in effect and Franchisee is in compliance with its terms.

4. Franchisee may promote his/her Franchised Business and/or solicit customers anywhere within the Reciprocal Opportunity Franchise Territory. Notwithstanding the foregoing, Franchisee shall not conduct office sales visits for any Real Estate Service Provider nor display any sales materials ("In-Office Marketing") in a location outside their Designated Geographic Area. Franchisees may, however, conduct In-Office Marketing in the physical office of the board of realtors and Chambers of Commerce even where such offices are located outside of the Designated Geographic Area as such offices shall be accessible to all franchisees within the Reciprocal Opportunity Franchise Territory. A "Real Estate Service Provider" shall include realtors, real estate lawyers, lenders and credit unions. In no event shall Franchisee conduct inspections, compete for business, advertise or promote the HOUSEMASTER franchise or solicit customers outside the Reciprocal Opportunity Franchise Territory. If the adjacent area is unlicensed and deemed "open" (as defined herein below), Franchisee may conduct inspections only (but may not conduct marketing) in accordance with the rules prescribed by Franchisor for open areas. Franchisee shall not conduct an inspection in another Reciprocal Opportunity Franchise Territory other than the one licensed to Franchisee. Nor may Franchisee conduct inspections in another HOUSEMASTER franchisee's Limited Area. Conducting an inspection in another Reciprocal Opportunity Franchise Territory or in a Limited Area, or engaging in any marketing, advertising or solicitation of customers prohibited by this Agreement will result in a fine of \$1,000 per occurrence payable to Franchisor, due upon demand. This penalty is in addition to, not in lieu of, Franchisor's right to terminate Franchisee for said conduct.

If Franchisee conducts an inspection in a geographic area that has not been designated by Franchisor as a ROF Territory and which has not been licensed to another franchisee as a Limited Area ("open area"), no consent is required and no penalty will be assessed against Franchisee. However, if such a geographic area is later granted to a HOUSEMASTER franchisee (whether a Reciprocal Opportunity Franchise Territory or a Limited Area), the cross-territory fine would be enforceable from the date of the grant of the franchise forward. Under no circumstances may Franchisee engage in marketing activities in an open area. Further, if Franchisor receives a complaint regarding a franchisee crossing territories, and encroaching upon the Reciprocal Opportunity Franchise Territory or Limited Area of another franchisee(s), any confidentiality that may attach to records, reports or forms pursuant to Section II.B.(6.) contained herein is deemed waived by Franchisee.

5. In consideration of Franchisor's agreement to grant the franchise, Franchisee at all times shall use its best efforts to promote and increase the sales and service of the HOUSEMASTER Method and system overall and to effect the widest and best possible distribution and sale of HOUSEMASTER services within the ROF Territory.

B. Term; Commencement of Operations. The term of this Agreement and of the right and franchise granted herein shall be for a period of five (5) years commencing on September 1, 2009, and ending on August 31, 2014, unless sooner terminated in accordance with the terms of this Agreement. Franchisee hereby agrees to commence operations hereunder no

later than September 1, 2009 ("Business Effective Date"). For purposes of this Agreement, Franchisee's fiscal year shall begin on the first day of January and end on the last day of December for so long as this Agreement remains in effect.

C. Successive Term. Franchisee shall have the option to extend the initial franchise grant by executing a successor franchise agreement for a successive term provided all of the following conditions have been fulfilled:

1. Franchisee gives written notice to Franchisor of Franchisee's intention to enter into a successor franchise agreement no later than one hundred eighty (180) days prior to the expiration of the term of this Agreement and this Agreement has not otherwise been terminated;

2. Franchisee has fully and satisfactorily fulfilled and complied with all of the terms, conditions and obligations of this Agreement, including but not limited to all obligations of Franchisee as provided in Section V herein, and with all mandatory specifications, standards or operating procedures which Franchisor may prescribe from time to time, regardless of whether any non-compliance has been cured by Franchisee;

3. Franchisee executes no later than one hundred twenty (120) days prior to the expiration of the term of this Agreement a successor franchise agreement containing the terms and conditions then being accepted by new franchisees, which may include changes in duties and obligations, and royalty-service fees, advertising-promotion contributions, and other fees which are higher than those in this Agreement; except that no initial franchise fee shall be payable by Franchisee upon the execution of the successor franchise agreement; Franchisee shall be deemed to have irrevocably declined to execute a successor franchise agreement if Franchisee fails to execute and return to Franchisor the successor franchise agreement and other documents or fails to satisfy any other conditions required by Franchisor prior to the end of the then-expiring term;

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4. Pay a fee in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) in connection with the execution of a Successor Franchise Agreement.

5. As a condition of renewal, Franchisee or Franchisee's manager may be required to attend Marketing/Operations and/or NIBI training again and/or observe "centers of excellence" as determined by Franchisor in its sole discretion;

6. Franchisee has satisfactorily participated in Franchisor's marketing programs, and has represented the brand in a professional and courteous manner;

7. Franchisee and such other management person, if any, as described in Section V.B. of this Agreement are in reasonably satisfactory condition of health; and

8. Franchisee and its owners execute a general release, in a form acceptable to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, employees and agents.

D. Initial Franchise Fee. In consideration of the right, and franchise granted by this Agreement, Franchisee shall pay to Franchisor prior to or concurrently with Franchisee's execution of this Agreement the sum of See Exhibit 'D' as an initial franchise fee (the "Initial Franchise Fee"). The Initial Franchise Fee shall be deemed fully earned by Franchisor upon Franchisor's execution of this Agreement, and, except as provided in Section IV.A.3. of this Agreement and the Refund and Release Addendum to the Franchise Agreement, if applicable, such Initial Franchise Fee shall not be refundable, in whole or part, at any time or under any circumstances. The Initial Franchise Fee is in addition to the periodic royalty-service fee payable pursuant to Section II. and any promotional-advertising service fee payable pursuant to Section III. of this Agreement and to any other fees or payments which Franchisee may incur or owe to Franchisor from time to time under this Agreement or any other agreements. This Initial Franchise Fee is not applicable to successor franchise agreements.

E. Franchisor's Reservation of Rights. Franchisor (on behalf of itself, its affiliates and any successors and assigns) reserves the right, both within and outside the ROF Territory, to operate a company-owned business or to grant a franchise to sell services and products the same as or similar to those that are sold under the HOUSEMASTER Method under different service marks and trademarks (i.e., non-HOUSEMASTER franchises).

II. CONTINUING ROYALTY SERVICE FEES

A. Amount and Payment of Periodic Fees.

1. In further consideration of the rights and entitlements granted under this Agreement, Franchisee agrees to pay to Franchisor on or before the 10th day of the month for the preceding calendar month throughout the term of this Agreement, a combined royalty-service fee in the dollar amount calculated as a percentage of Franchisee's Gross Sales for the previous month as shown below:

Total Year-to-Date Gross Sales (defined below) Made by Franchisee <u>During current calendar year</u>	Monthly royalty-service fee payable (as a percentage of <u>previous month's Gross Sales</u>)
\$0 - \$125,000	... 7½% of month's Gross Sales
\$125,001 - \$250,000	... 7% of month's Gross Sales
\$250,001 - \$500,000	... 6½% of month's Gross Sales
\$500,001 - \$1,000,000	... 6% of month's Gross Sales
\$1,000,001 - \$1,500,000	... 5½% of month's Gross Sales
\$1,500,001 and over	... 5% of month's Gross Sales

For example purposes only and not as any indication of Gross Sales levels Franchisee should expect to achieve, should Franchisee generate Gross Sales of \$350,000 during a calendar year, the monthly royalty-service fee payable by Franchisee during that year shall equal:

- 7½% of the previous month's Gross Sales on the first \$125,000 in Gross Sales;
- 7% of the previous month's Gross Sales on the next \$125,000 in Gross Sales; and
- 6½ % of the previous month's Gross Sales on the final \$100,000 in Gross Sales.

Should Franchisee cross one of the Gross Sales thresholds defined above during a calendar month, the monthly royalty-service fee payable by Franchisee for that month shall equal the sum of the amount of Gross Sales left in the first applicable threshold multiplied by the applicable percentage PLUS the amount of Gross Sales in the next applicable threshold multiplied by the applicable percentage. In other words, Franchisee MUST pay the applicable royalty-service fee percentage on the full amount of each Gross Sales threshold before Franchisee can use the reduced royalty-service fee percentage in the next applicable threshold.

For example purposes only and not an any indication of Gross Sales levels Franchisee should expect to achieve, should Franchisee have year-to-date Gross Sales through May 31st of \$100,000 and Franchisee generates \$50,000 in Gross Sales for the month of June which brings Franchisee's year-to-date Gross Sales to \$150,000, the monthly royalty-service fee payable by Franchisee for the month of June shall equal the sum of \$25,000 times 7½% plus \$25,000 times 7%, or a total of \$3,625.

"Gross Sales" means the total dollar volume of inspections and related services conducted in connection with the Franchised Business as described herein whether said business is in Franchisee's licensed ROF Territory or otherwise (including, but not limited to wood destroying insect testing and/or treatment, water testing, radon gas testing and/or mitigation, mold testing, septic tank evaluations and/or cleaning, lead paint testing, buried tank testing, preventative maintenance inspections, safety inspections and inspection-related fee paid speaking or training engagements) booked by the Franchised Business each year and all fees and commissions received by Franchisee from third parties as a result of Franchisee's referrals of customer names and/or business to the third parties. There shall be excluded from Gross Sales taxes added to the sales price and collected from the customer and bona fide refunds, rebates, and discounts. Continuing for so long as this Agreement is in effect, Franchisee agrees to pay to Franchisor as a minimum monthly royalty-service fee in the sum of See Exhibit 'D' beginning on the Business Effective Date. Royalty-service fee payments received by Franchisor under this Agreement shall be under no restriction whatsoever, but shall be considered general funds of Franchisor for any and all purposes.

2. Franchisee shall submit to Franchisor, at the time each monthly payment of the royalty-service fee and advertising-promotion contribution are due, a true, accurate and complete statement of Gross Sales (as heretofore defined) in a format specified, approved or provided by Franchisor and completed according to their terms. In the event Franchisor does not receive Franchisee's royalty-service fee, advertising-promotion contribution and the report by the 10th day of the month following the close of the month for which such fees and report are due and payable, then such payments shall be deemed delinquent. For all delinquent payments, Franchisee shall pay Franchisor 7½% of Gross Sales for the royalty-service fee and 2½% of

Gross Sales for the advertising-promotion contribution regardless of Franchisee's level of annual Gross Sales for the period or periods payments are delinquent, and Franchisor shall have the right in its discretion to charge either a late payment fee not to exceed Ten Dollars (\$10.00) per day for each day the payments remain delinquent, or interest at a rate of eight percent (8%) per annum. To the extent Franchisee fails to submit reports when due, Franchisor may calculate amounts due based on Franchisee's average monthly Gross Sales as determined by Franchisor for the preceding eighteen (18) months as provided in Section XIII.B.3. herein. The provisions in this paragraph shall not constitute a waiver by Franchisor of any other remedies available to it for Franchisee's failure to make timely payments.

3. Franchisee is required to make the monthly payments for the royalty-service fee and advertising-promotion contribution and any and all other fees that may become due and payable to us hereunder by either electronic transfer or by electronic debiting of Franchisee's business account. Franchisee shall execute the Electronic Funds Transfer Authorization Form attached as Exhibit C to this Agreement as soon as Franchisee has established a bank account for the Franchised Business and shall execute any other documents as may be required from time to time by Franchisor to permit Franchisor to electronically transfer funds or debit Franchisee's account for the purpose of making the required payments.

4. In addition to collecting any fees from electronic transfer or by electronic debiting, Franchisee authorizes Franchisor to charge ANY AND ALL fees due, including, but not limited to, royalty-service fees, advertising-promotion contributions, Conference Registration Fee (as such term is defined at Section V.B.9. herein), supply invoices, insurance premiums, claims deductibles, and late penalties and interest to any credit card previously submitted and retained on file by Franchisor. Franchisee shall execute the Consent Agreement for Credit Card Authorization attached hereto as Exhibit B or any other similar form necessary for Franchisor to make such charges. Franchisee is responsible for updating such information as necessary (e.g. expiration dates, preferred credit card), and at Franchisor's request from time to time.

B. Reports and Records; Audit

1. If requested by Franchisor in advance, Franchisee shall submit to Franchisor a financial operating statement (statement of profit and loss) and balance sheet for the Franchised Business for any particularly specified monthly or quarterly period on forms specified, approved, or provided by Franchisor, and completed according to their terms.

2. If requested by Franchisor in advance, within sixty (60) days after the close of Franchisee's fiscal year during the term of this Agreement, Franchisee shall submit to Franchisor a statement of financial condition (a balance sheet and profit and loss statement) relating to the Franchised Business as of the end of said fiscal year, on forms specified, approved, or provided by Franchisor and completed according to their terms. If this statement shows that there has been any underpayment of royalty-service fees based on Gross Sales as finally adjusted and reconciled after the closing and review of Franchisee's books and records, Franchisee shall pay to Franchisor, at the time of submitting such statement, the amount of any such underpayment plus all late fees as due under Section II.A.2. Payment and acceptance of such amounts shall not waive or prejudice any right of Franchisor to exercise any other remedy

of this Agreement, including termination in accordance with Section X. of this Agreement. Any over payment shall be credited to Franchisee's account.

3. Franchisee shall maintain full, complete and accurate books and records. The books and records shall clearly and accurately show Gross Sales as defined herein. All such books and records applicable to the Franchised Business, including bank statements, Franchisee's business and personal income tax returns, and all business plans prepared by or for Franchisee, shall be open at all reasonable times to inspection and verification by Franchisor or its duly authorized representatives. Further, at Franchisor's request, Franchisee will deliver copies of the foregoing books and records and tax returns to Franchisor.

4. Franchisor shall be entitled at any time to have Franchisee's books and records examined or audited at Franchisor's expense and Franchisee shall cooperate fully with the parties making such examination or audit on behalf of Franchisor. Franchisee shall promptly pay to Franchisor or Franchisor shall credit to Franchisee's account, as the case may be, any under or overpayment of fees revealed by the examination or audit. If an examination or audit is performed due to Franchisee's failure to submit statements of Gross Sales or to maintain books and records as prescribed herein, or in the event that the Gross Sales reported by Franchisee for any period of twelve consecutive months are more than three percent (3%) below the actual Gross Sales of Franchisee for such period as determined by any such examination or audit, or in the event the examination or audit reveals one or more violations by Franchisee of the territory boundary restrictions, then Franchisee shall within fifteen (15) days following notice, pay to Franchisor the full cost of such examination or audit as well as all additional amounts of fees and late charges shown to be due. Payment and acceptance of such amounts shall not waive or prejudice any right of Franchisor to exercise any other remedy of this Agreement, including termination in accordance with Section X. of this Agreement.

5. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at times specified in the Operations Manual or otherwise in writing. All reports, forms, and records submitted to Franchisor shall be true, accurate and complete.

6. Any and all reports, forms and records submitted to Franchisor by Franchisee shall be kept confidential; except for (1) Franchisor's use of financial information in preparation of an earnings claim to be used in Franchisor's franchise disclosure document (without specifically identifying Franchisee); (ii) any information that is required to be disclosed in Franchisor's franchise disclosure document under applicable law; (iii) any information required to be disclosed by Franchisor pursuant to a subpoena, order or other legal requirement of any court or governmental agency; and iv) unless otherwise noted herein.

III. ADVERTISING-PROMOTION

A. Advertising-Promotion Contribution. Franchisee shall pay monthly to Franchisor on or before the 10th day of the month for the preceding calendar month throughout the term of the franchise, along with and in addition to the royalty-service fee provided by Section II.A. of this Agreement, an advertising-promotion contribution in the dollar amount calculated as

a percentage of Franchisee's Gross Sales (as heretofore defined) for the previous month as shown below:

Total Year-to-Date Gross Sales (defined in II.A.) Made by Franchisee <u>During current calendar year</u>		Monthly advertising-promotion contribution payable (as a percentage of previous month's <u>Gross Sales</u>)
\$0 - \$125,000	...	2½% of month's Gross Sales
\$125,001 - \$250,000	...	2¼% of month's Gross Sales
Over \$250,000	...	2% of month's Gross Sales

Franchisor, without seeking or obtaining agreement with Franchisee, and not as a condition to the grant or acceptance of the franchise or rights hereunder, but strictly as a unilateral expression of intention and of business policy designed to enhance the competitive effectiveness and general public acceptance of the HOUSEMASTER name and Business, shall use such funds as it shall, in its sole discretion, deem beneficial to the HOUSEMASTER Method and franchisees of Franchisor. Franchisor undertakes no obligation in using such funds to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or proportionately from the placement of advertising. Such funds will be used solely for the payment of expenses incurred in connection with the general promotion of the Proprietary Marks, the HOUSEMASTER Method, and the franchise system, including the cost of formulating, developing and implementing advertising and promotional campaigns, and the reasonable costs of administration relating hereto, including reasonable administrative costs and overhead which Franchisor may incur in activities related to formulating, developing and implementing advertising and promotional campaigns. Franchisor shall direct all marketing programs financed by such funds with sole discretion over the creative concepts, materials, endorsements, types of media and geographic allocation of media placement. Franchisor owes no fiduciary duty to Franchisee in connection with the use of such funds or expenditure of such funds.

B. Local Advertising Cooperative. In the event any local or regional advertising cooperative has been or may be formed by Franchisor consisting of franchisees in your local area or region ("Local Advertising Cooperative"), you agree to participate in and contribute your share to such Local Advertising Cooperative as determined by Franchisor in addition to the contributions and expenditures required for the Advertising-Promotion Contribution pursuant to Section III.A. The cost of the program shall be allocated among locations in such area and each franchisee's share shall be in proportion to its territory size based on owner-occupied homes. In no event, will you be required to contribute more than three percent (3%) of Gross Sales to the cooperative. All advertisements and promotions effectuated through the Local Advertising Cooperative must be approved by Franchisor. Franchisor assumes no direct or indirect liability or obligation to you or to any local cooperative with respect to the maintenance, direction or administration of the cooperative, including without limitation, any failure by the any franchisees to make required contributions to the cooperative.

A. Undertakings Prior to Commencement of Operations. Prior to Franchise's commencement of operations hereunder Franchisor shall:

2. **NIBI® Technical Training.** Provide an initial technical training program through the National Institute of Building Inspectors (NIBI), which will be provided at the NIBI training center in Bound Brook, New Jersey. Franchisee agrees to attend such technical training program or to cause such management and supervisory personnel as it shall designate, and who shall be acceptable to Franchisor, to so attend. Because Franchisor offers NIBI technical training in consideration for Franchisee abiding to the terms of the Agreement, there shall be no additional charge for the technical training. If Franchisee desires to have other of its personnel

NIBI technical training provides Franchisee and its employees with instruction in the basics of home inspections. This initial education is not technically exhaustive and must be supplemented by educational programs and/or self-learning that provide additional information on construction materials and methods, as well as information on locally accepted and customary home inspection practices. Further, the initial NIBI instruction may not meet all the educational requirements necessary to obtain a home inspector license or certification, as may be required by local law. As stated in Section V.B.(6.), Franchisee is solely responsible for having all inspectors and the Franchised Business comply with all applicable local laws and regulations. Accordingly, Franchisee may be required to obtain additional instruction and/or to complete other requirements independently.

3. **Successful Completion of Training.** The grant of the franchise herein is conditioned upon successful completion of the Initial Training Program and NIBI technical training by Franchisee. If during the course of the training programs or within fifteen (15) days thereafter Franchisor concludes that Franchisee has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to operate successfully a building inspection and related services business in accordance with the standards and procedures of the HOUSEMASTER Method and as a Franchisee of Franchisor, Franchisor may, in its sole discretion and judgment, terminate this Agreement and all rights hereunder, where permitted by applicable law, by giving notice to Franchisee and tendering to Franchisee a refund of its Initial Franchise Fee less the amount of Eight Thousand Five Hundred Dollars (\$8,500.00) to cover a portion of the reasonable expenses incurred by Franchisor in connection with training Franchisee and initially granting the franchise. Franchisee agrees that such refund shall be the full extent of Franchisor's liability and responsibility in the event of such termination, and Franchisee and its owners shall execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, employees and agents. Upon termination of this Agreement, Franchisee shall abide by Section XI hereof. This includes, among other things, that Franchisee agrees to maintain strictly the confidentiality of all information received relating to the HOUSEMASTER Method and the HOUSEMASTER Marketing Strategy and not to use in the operation of a building inspection or similar business, any trade secrets, confidential information, copyrighted works or proprietary materials obtained from Franchisor in the course of the training program or otherwise.

B. Continuing Undertakings. Franchisor shall provide the following continuing services for the benefit of Franchisee:

2. **Promotional Aids.** Make available from time to time marketing and sales promotion materials for purchase from third-party vendors.

4. **Telephone Assistance.** Be available to provide telephone counseling to Franchisee during regular business hours of Monday – Friday from 9:00am to 5:00pm EST with respect to the operation and management of the Franchised Business, and make available to Franchisee the benefits of Franchisor’s information, advice, expertise and know-how.

6. **Other Support.** Provide, at the option of Franchisor, assistance and support through an intranet portal ("Information Exchange"). Franchisee will be entitled to access the Information Exchange and upload reports in connection therewith provided that Franchisee is in good standing under this Agreement, is current in payment of all fees, is in compliance with all of Franchisee's other contractual obligations and abide by the posted Rules and Guidelines. Franchisee also agrees that it will regularly review the Information Exchange and will be deemed on notice of all information contained therein. Any software made available to Franchisee by Franchisor or any third party is done so at Franchisor's option and as an accommodation to Franchisee. Franchisor makes no representation, warranty or guaranty as to

applicable licensing or registration requirements. Franchisee, at its own expense, shall have all written materials used in the operation of the Franchised Business, including but not limited to marketing and advertising materials, inspection forms and contracts, reviewed by an attorney to insure compliance with all applicable state and local laws and regulations prior to the use of each such item. Franchisee shall indemnify and hold Franchisor harmless for Franchisee's failure to comply with this paragraph.

7. Franchisee warrants that it and all members of its immediate family will not directly or indirectly engage in or acquire any financial or beneficial interest in any other inspection or real estate business during the term of this Agreement without the advance written consent of Franchisor. This includes but is not limited to any business that may perform inspections and related services (such as wood destroying insect testing and/or treatment, water testing, radon gas testing and/or mitigation, mold testing, septic tank evaluations and/or cleaning, lead paint testing, buried tank testing, preventative maintenance inspections, safety inspection, real estate sales or mortgage broker services, and inspection-related fee paid speaking or training engagements).

8. Franchisee warrants that it will cause all inspections to be performed only by inspectors who are trained by the National Institute of Building Inspectors or an equivalent program acceptable to Franchisor and have obtained all required state and local licenses. Franchisee shall submit to Franchisor satisfactory proof of completion of all training other than NIBI training and obtain Franchisor's written consent thereof. All inspectors employed by Franchisee shall as a condition of employment sign a confidentiality agreement with Franchisee in a form acceptable to Franchisor which includes covenants not to compete for the protection of Franchisee, Franchisor and the franchise system. Franchisee shall maintain a file of all such inspector agreements, and will upon request provide Franchisor with copies of such agreements. Franchisee shall indemnify, defend and hold harmless Franchisor, its affiliates and their respective officers, directors, employees and agents against any and all claims arising out of inspections performed by Franchisee's inspectors.

9. Franchisee or at least one manager of Franchisee's staff shall each year during the term of this Agreement attend Franchisor's Annual Conference/Regional Meeting of franchisees if Franchisor holds the conference or meetings. Franchisee (and not management personnel in lieu of Franchisee) must attend the first Annual Conference held after Franchisee's purchase of the franchise, including where such purchase is by assignment of an existing franchise agreement. If Franchisee fails to attend the first Annual Conference, Franchisee must nevertheless pay Franchisor the Annual Conference Regional Meeting Registration Fee ("Conference Registration Fee"). The Conference Registration Fee shall be fixed by Franchisor at an amount not to exceed One Thousand Dollars (\$1,000.00) ("Conference Registration Fee"), which amount may be adjusted annually to reflect increases in the national consumer price index. The Conference Registration Fee shall be payable to Franchisor by Franchisee whether or not Franchisee or a manager attends the conference or meeting. This provision shall not obligate Franchisor to hold an Annual Conference/Regional Meeting of franchisees each year. If no Annual Conference/Regional Meeting is held, Franchisee shall not be obligated to pay the Conference Registration Fee. This clause shall not be waived. If Franchisee fails to attend three (3) or more conferences during the term of this Agreement, Franchisor has the right to require

Franchisee to attend training, in addition to any other rights and remedies available to Franchisor for Franchisee's breach of this provision.

10. Throughout the term of this Agreement, Franchisee shall have a minimum of one (1) operational and functioning dedicated telephone line for use exclusively by the Franchised Business. Franchisee shall provide for live answering of the telephone line for the Franchised Business in the manner set forth in the HOUSEMASTER Manuals. If Franchisee's telephone is physically located outside the licensed Designated Geographic Area, this telephone number may be given a free listing in the associated telephone book and in the directory for that area and could be considered advertising. Therefore, the telephone number listed in the telephone book outside the DGA must be listed under Franchisee's corporate name, not HOUSEMASTER. Franchisee is responsible for ensuring that all directory listings and advertisements are associated with Franchisee's Designated Geographic Area. For paid directory listings and advertisements, Franchisee must designate one (1) town within Franchisee's Designated Geographic Area as an identifier that must be used on all such listings and advertising and promotional materials (i.e. "Town name and surrounding areas") to clarify markets in the event multiple HOUSEMASTER offices are listed in one directory. Franchisee must follow all policies and procedures governing identification as set forth in the HOUSEMASTER Manuals.

11. Franchisee shall in the operation of the Franchised Business use only stationery, advertising and promotional materials, reports and forms that meet Franchisor's standards and specifications and use the Proprietary Marks and colors as prescribed from time to time by Franchisor. All materials used must disclose the franchise relationship.

12. Franchisee shall acquire and use in the operation of the Franchised Business such computer hardware and software as may be required by Franchisor. Franchisee acknowledges and agrees that computer skills are necessary for the proper operation and marketing of the Franchised Business. Franchisee shall, throughout the term of this Agreement, maintain an active e-mail account and have high-speed access to the Internet for receiving bulletins, updates and other information from Franchisor. Franchisee agrees to regularly monitor said account. Franchisee shall be required to purchase or lease certain proprietary software from Franchisor or a third party designated by Franchisor, to enter into a software license agreement with Franchisor or such third party, and to purchase ongoing support services for the proprietary software from Franchisor or a third party designated by Franchisor. Franchisor reserves the right to access information and data in connection with the Franchised Business produced by Franchisee's computer system.

13. Franchisee shall at all times maintain a current database of information on all customers, marketing contacts and other contacts on the computer system for the Franchised Business. Said database shall be the sole property of Franchisor.

14. Franchisee shall not perform building inspections or related services for or as a result of a referral, either direct or indirectly, from any of Franchisee's immediate family members who are engaged in the real estate brokerage business.

Franchisee shall be solely responsible for handling, managing and participating in the defense of all claims and/or lawsuits related in any way whatsoever to the Franchised Business, whether such claims arise during the term of this Agreement or after its termination or expiration. In the event Franchisee's client asserts claims or potential claims against Franchisor, Franchisee and its employees agree to fully cooperate with Franchisor in any investigations or other efforts to defend the claims asserted.

VI. PROPRIETARY MARKS

Franchisor hereby grants a non-exclusive license to Franchisee to use during the term and any successive term the following Proprietary Marks in relation to the franchise granted hereunder in accordance with the terms and conditions of this Agreement: "HouseMaster[®]", "The Home Inspection Professionals[®]", "Express[®] Report", "Experience, The HouseMaster Difference[®]", "The Guaranteed Inspection People[®]", "More Than a Home Inspection[®]", and "HouseMaster Home Inspections. Done Right[®]" and any permitted variations thereof. Some current examples of copyrighted works, which may change from time to time, include the Inspection Order Agreement, the Express Report, the Limited Inspection Guarantee, the HouseMaster websites (including www.housemaster.com), marketing materials such as brochures and the Inspection Resource Guide and variations thereof. Franchisor reserves the right to alter, change or amend the Proprietary Marks referred to herein and to add proprietary names and marks to those franchised hereunder. Franchisor does not warrant the availability or

validity of said marks. In the event that the right to use any name or proprietary mark granted to Franchisee in connection herewith is threatened by anyone else, or if a registration application for any such name or mark is denied or invalidated, or if Franchisor should desire to substitute another name or service mark, Franchisor shall have the right to substitute a different name or mark and the substituted name or mark shall be accorded the same treatment as provided for herein.

As between the parties hereto, Franchisee acknowledges the validity of the Proprietary Marks and acknowledges that they are solely the property of Franchisor. Franchisee hereby agrees to use the Proprietary Marks only for so long as the right and franchise granted herein remain in force, and only in connection and in accord with the HOUSEMASTER Method, and in compliance with this Agreement and other standards, specifications and guidelines issued by Franchisor from time to time relating to the proper use of the Proprietary Marks. Franchisee further acknowledges that its right to use the Proprietary Marks is derived solely from this Agreement and that all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor.

Use of the Proprietary Marks shall in every instance be accompanied by the registration symbol ® or the TM or SM symbol, or copyright symbol © placed in close proximity to the Proprietary Mark as directed by Franchisor. In addition, any and all advertisements, brochures or other promotional materials bearing the Proprietary Marks shall contain one of the following statements: "HouseMaster® is a registered mark of DBR Franchising, LLC." or "HouseMaster® is a registered mark and is used under license by [Franchisee to insert business entity of Franchisee]." As indicated elsewhere in this Agreement, all such materials should also provide that each HouseMaster franchise is independently owned and operated.

Franchisee shall not for its own account register any of the Proprietary Marks on the Internet or any other computer on-line service, which shall preclude using the Proprietary Marks as a domain name. Franchisee shall not either directly or indirectly create, develop, maintain, and/or use its own website, blog, vlog, social network, or other on-line venue or communication on the Internet using any of the Proprietary Marks, or otherwise use any of the Proprietary Marks on the Internet in any other manner including for search engine advertising purposes, without the prior written consent of Franchisor.

Franchisee shall not, either during or after the term of this Agreement do anything, or aid or assist any other party to do anything, which would infringe upon, harm, dilute or contest the rights of Franchisor in any of the Proprietary Marks or in any other mark or name which incorporates the name HOUSEMASTER. Franchisee acknowledges and agrees that all rights, benefits and goodwill that may develop in the Proprietary Marks shall inure and accrue to the full and exclusive benefit of Franchisor.

B. Firm Name. Franchisee shall operate, advertise, and promote the Franchised Business and its services under any name approved in writing by Franchisor ("Firm Name"), and shall designate in conjunction therewith that Franchisee is an independent HOUSEMASTER franchisee. Franchisee shall not, however, use the name "HOUSEMASTER," or any other portion thereof or any other name containing such name, or any other name similar to or any

other of the Proprietary Marks in or as part of the business entity name of Franchisee. Nor may Franchisee use "DBR Franchising" or any portion thereof as part of Franchisee's business entity name. Franchisee shall, upon request of Franchisor at any time, immediately stop the use of any such name or word in its business entity name, and shall promptly take such steps as may be necessary or appropriate in the judgment of Franchisor to remove any such name or word from Franchisee's business entity name. Franchisee's Firm Name must be exclusively used on all inspection order agreements and inspection reports. Designations for "doing business as" (d/b/a) or "operating as" (o/a) shall not contain any geographic designation, such as HouseMaster of New Jersey.

C. **Unauthorized Use.** Franchisee shall promptly report to Franchisor any unauthorized use of the Proprietary Marks that come to its attention in any manner whatever. Upon request of Franchisor, Franchisee agrees to cooperate with Franchisor in preventing unauthorized use of the Proprietary Marks, or any confusingly similar mark, or in any court or administrative proceeding involving the Proprietary Marks, at the sole expense of Franchisor.

VII. HOUSEMASTER METHOD AND MARKETING STRATEGY

A. **Confidentiality.** Franchisee hereby acknowledges that only Franchisor can franchise the proprietary rights in the HOUSEMASTER Method and all parts thereof, and of all material and information divulged to Franchisee relating to the HOUSEMASTER Method and Marketing Strategy. Franchisee further acknowledges that the HOUSEMASTER Method and Marketing Strategy, each part thereof and in its entirety, constitutes trade secrets, confidential and proprietary business information of Franchisor which are revealed to Franchisee in trust and in confidence solely for the purpose of enabling Franchisee to establish and operate the Franchised Business. Such trade secrets, confidential and proprietary business information include, but are not limited to, business procedures and processes, supplier and material lists, customer information and data, proprietary contact management software, contact or service provider information or data, training and operations manuals and materials, promotional and marketing manuals and other aids, business forms and accounting procedures, informational bulletins and software. Franchisee acknowledges that all such information including all data contained in any database whether prepared by Franchisee or Franchisor, including, but not limited to, the contact management software system, belongs to Franchisor. Franchisee agrees that during and after the term of this Agreement, it will not reveal any of such information to any other person or firm, except to employees of Franchisee, and then only in trust and in confidence, and only to the extent such knowledge is necessary to perform the duties of their employment. Franchisee agrees, further, that during and after the term of this Agreement it will not use any of such trade secrets or confidential business information in any manner in connection with any business or venture in which it has or may acquire any interest, direct or indirect, in any capacity whatever, other than in connection with the operation of the Franchised Business.

B. **Use of and Improvements to the Method.** In order to assure maximum uniformity of quality and service in all inspections made by all franchised inspectors, Franchisee agrees to follow the procedures prescribed by the HOUSEMASTER Method. As Franchisor develops or learns of improvements, it will so notify franchisees and authorize their use in the Franchised Business. In return and in consideration therefore, Franchisee agrees that any idea or

suggested innovation or variation which may tend to enhance or improve the HOUSEMASTER Method including all writings and other original works of authorship regardless of form, including, but not limited to software programs, trademarks, copyrightable works, Internet Web page or any other document or information pertaining or relating to the Franchised Business that Franchisee discovers or otherwise becomes aware of during the term of this Agreement shall be submitted to Franchisor for its evaluation for adoption and use. Franchisee agrees that all proprietary rights to such ideas, works, innovations or variations created or acquired by Franchisee or any of its employees, during the term of this Agreement shall be deemed by the parties to be works made for hire and shall belong to Franchisor and may be made available to other HOUSEMASTER franchisees. Franchisee recognizes and agrees that from time to time Franchisor may modify the HOUSEMASTER Method, including the adoption and use of new or modified trade names, trademarks, or service marks, new copyrighted materials, new computer or new techniques. Franchisee will accept, use and offer any such changes in the HOUSEMASTER Method as if they were a part of this Agreement at the time of execution hereof and will implement such changes within a reasonable period of time. Franchisee shall make such expenditures as such changes or modifications in the HOUSEMASTER Method may reasonably require.

C. **HOUSEMASTER Manuals.** Franchisor will loan, subject to Franchisee paying Franchisor a deposit of \$250, to Franchisee during the term of the franchise one copy of the HOUSEMASTER Operations Manual and the HOUSEMASTER Sales and Marketing Manual ("HOUSEMASTER Manuals") for the Franchised Business, containing mandatory and suggested specifications, standards and procedures prescribed from time to time by Franchisor for HOUSEMASTER businesses and information relative to other obligations of Franchisee hereunder. Franchisee shall keep confidential the contents of the HOUSEMASTER Manuals both during the term of this Agreement and subsequent to its expiration or termination. Franchisee shall comply with the procedures identified as the HOUSEMASTER Method, as prescribed from time to time by Franchisor in the HOUSEMASTER Manuals or otherwise. Franchisee shall prevent unauthorized use or disclosure of the HOUSEMASTER Manuals.

Franchisor shall have the right from time to time to add to, and otherwise modify, the HOUSEMASTER Manuals to reflect changes in authorized products and services, and specifications, standards and operating procedures of a HOUSEMASTER Business, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Franchisee shall keep its copy of the HOUSEMASTER Manuals current, and the master copy maintained by Franchisor at its principal office shall be controlling in the event of a dispute relative to the contents of the HOUSEMASTER Manuals.

The HOUSEMASTER Manuals shall remain the sole property of Franchisor, and Franchisee shall return it to Franchisor immediately upon the expiration or termination of this Agreement.

VIII. RIGHTS AND LIMITATIONS ON ASSIGNABILITY BY FRANCHISEE.

A. **Assignment of Franchise Rights.** The rights and franchise granted are personal in nature to Franchisee who is a party to this Agreement. Franchisee hereby agrees not to sell,

7. Franchisee shall have obtained and paid the premiums for an Errors and Omissions and bodily injury insurance policy for a minimum of three (3) years covering all inspections and services provided by Franchisee prior to the date of the transfer or assignment naming Franchisor as an additional insured with minimum limits of liability as set forth in Section V.C. If Franchisee fails to obtain such coverage, Franchisor may, in addition to other

remedies it may have, obtain such coverage, and Franchisee shall promptly reimburse Franchisor for all premiums and other costs incurred thereby.

B. Assignment of the Franchised Business With or Without Franchise Rights, and Franchisor's First Option to Acquire. In the event of any proposal to sell, assign, or transfer any right or interest in the Franchised Business, there shall first be submitted to Franchisor a copy of any bona fide written offer made or received, or if none, a statement in writing of all the items of the proposed offer made by the proposed purchaser, assignee or transferee. Thereafter, Franchisor shall have the irrevocable first right and option to purchase or acquire any such right or interest on the same terms as stated in the offer or statement, and Franchisor may exercise such right and option by notifying Franchisee in writing of its election to do so within thirty (30) days after its receipt of the written offer or statement.

If Franchisor does not so notify Franchisee within the thirty (30) day period, then the proposed sale, assignment or transfer of the Franchised Business may be made to a party other than Franchisor, subject to Franchisor providing its consent and the other conditions as provided in subparagraph VIII.A. but only on the terms set forth in the written offer or statement and only to the party therein identified. Such sale, assignment or transfer shall constitute a termination of all interests and rights of Franchisee under this Agreement whereupon all obligations of Franchisee under Section XI. and XII. of this Agreement shall be effective.

If the proposed sale, assignment or transfer is not made within one-hundred-twenty (120) days after receipt by Franchisor of the written offer or statement, it shall be deemed withdrawn or rejected and the provisions of this Section VIII.B. shall renew and again be fully applicable.

Any such sale, assignment or transfer to a third party is expressly subject to the provisions set forth in Section VIII.A. of this Agreement.

C. Death or Disability of Franchisee. In the event of the death or disability of Franchisee, Franchisor will consent to an assignment and transfer of this Agreement on an interim basis to the personal representative of Franchisee, and subsequently to a relative or associate of Franchisee, provided, however, that each of the following conditions is fulfilled with respect to each such assignment and transfer:

1. It shall be demonstrated to the satisfaction of Franchisor that such personal representative, relative or associate is qualified, on the basis of character, business experience and capability, credit standing, health, and financial resources necessary to successfully operate the Franchised Business in accordance with the terms of this Agreement.

2. Any personal representative or relative/associate of Franchisee to whom this Agreement is assigned or transferred must be approved by Franchisor and shall have successfully completed the training courses then in effect for HOUSEMASTER franchisees.

3. There shall not be an existing default in any of the obligations of Franchisee hereunder, and all amounts owed to Franchisor as of the date of death or disability shall be paid in full.

X. TERMINATION

A. Termination by Franchisor for Cause. Franchisee agrees that Franchisor may terminate this Agreement prior to the expiration of its terms if any of the following events or conditions occur by giving Franchisee written notice of termination, provided, that wherever a reason for termination is prohibited by, or a period of notice or a time allowed to cure a default as stated in this Section X is different from applicable law in effect as of the effective date of this Agreement, such reason shall be deemed deleted, and such period or time shall be deemed amended, to conform with such applicable law.

1. Franchisee fails to make any payment of money owed to Franchisor when due, or fails to submit to Franchisor when due any report required pursuant to this Agreement, and such default is not fully cured within fifteen (15) days after Franchisor gives notice of such default to Franchisee. At Franchisor's election, in lieu of or in addition to termination, Franchisor may institute arbitration or legal proceedings to recoup any outstanding money owed as provided herein at Section XIII;

2. Franchisee is declared or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a receiver is appointed for its assets or business, or a proceeding is commenced by or against Franchisee for appointment of a receiver or for a reorganization or similar arrangement under state law or any provision of Federal Bankruptcy law, and if involuntary, such proceeding is not dismissed within thirty (30) days of the filing thereof. Further, if Franchisee rejects the Franchise Agreement in accordance with Bankruptcy Code provisions, whether explicitly or implicitly by failing to timely assume the obligations of the Franchise Agreement, such rejection will be deemed a de facto termination as of the date of such rejection;

3. Franchisee assigns or attempts to assign this Agreement, or to encumber it without the prior written consent of Franchisor;

4. Subject to Section VIII.C. of this Agreement, Franchisee becomes unable to perform the obligations required or contemplated hereunder for a period of more than thirty (30) days;

5. Franchisee vacates, deserts or otherwise abandons, or ceases to conduct the Franchised Business for more than seven (7) consecutive days;

6. Franchisee jeopardizes the goodwill of Franchisor's Proprietary Marks, the Franchised Business, the HOUSEMASTER Method, or the reputation of Franchisor and fails to cure fully such default within fifteen (15) days following notice to Franchisee by Franchisor;

7. Franchisee fails to maintain the confidentiality of the HOUSEMASTER Method and Marketing Strategy and all other proprietary information as provided in Section VII. of this Agreement;

8. Franchisee repeatedly conducts itself or him/herself in an unprofessional and/or abusive manner to Franchisor, HOUSEMASTER franchisees and/or client(s) as determined by Franchisor in its sole but reasonable discretion and receives three (3) written notices of such misconduct by Franchisor;

9. Franchisee defaults in the performance of the obligations assumed under Section V of this Agreement and fails to cure fully any such default within fifteen (15) days following notice to Franchisee by Franchisor except the obligation to maintain active errors and omissions insurance shall be subject to a seven (7) day cure period;

10. Franchisee fails to hold itself or him/herself out as an independent business owner in accordance with Section V.B.5 and XIV.F and fails to cure fully any such default within fifteen (15) days following notice to Franchisee by Franchisor;

11. Franchisee is convicted of a felony;

12. Franchisee fails to adhere to any territory boundary restriction as contained in this Agreement after having previously received written notice of a territory boundary violation by Franchisor;

13. Franchisee fails to comply with any applicable laws, regulations or licensing requirements, including timely payment of taxes or other fees required by law, including but not limited to Anti-Terrorism Laws.

14. Franchisee reports to Franchisor Gross Sales of the Franchised Business for any period of twelve (12) consecutive months or longer as being less than the actual Gross Sales for the same period by three percent (3%) or greater;

15. Franchisee fails to conduct the Franchised Business in accordance with all applicable laws and regulations. This shall not prevent Franchisee from contesting in good faith the validity or applicability of any purported legal obligation to the extent and in the manner permitted by law;

16. Franchisee fails to attend the first Annual Conference held by Franchisor after Franchisee's commencement of the Franchised Business, or in the case of Franchisee purchasing an existing franchise and accepting assignment of an existing franchise agreement with Franchisor, the first Annual Conference held by Franchisor after the date of the assignment to Franchisee;

17. Franchisee has received three (3) or more notices with respect to Franchisee's obligations hereunder from Franchisor during the Term for failing to comply with this Agreement, or with any mandatory specifications, standards or operating procedures, which Franchisor may prescribe from time to time, including the requirement for the Franchised Business to have live telephone answering during regular business hours, regardless of whether those failures to comply were cured by the Franchisee;

8. Franchisee expressly acknowledges that he/she possesses marketable skills and abilities of a general nature outside the scope of the Franchised Business and building inspection and/or related services, and has other opportunities to exploit such skills. Consequently, enforcement of the covenants set forth above will not deprive Franchisee of the ability to earn a living.

In the event Franchisee violates the foregoing covenants, in addition to liquidated damages to which Franchisor shall be entitled, Franchisee also agrees to pay a fine in the amount of Twenty-Five Thousand Dollars (\$25,000.00) or twenty percent (20%) of Franchisee's annual Gross Sales as calculated from the average of the preceding three (3) years, whichever is greater.

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E. Modifications of Covenants. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant or obligation of Franchisee set forth in the Franchise Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified, which shall be fully enforceable.

XIII. DISPUTE RESOLUTION

A. Arbitration. Except to the extent Franchisor elects to enforce the provisions of this Agreement by judicial process as provided herein, any controversy, dispute, claim or question arising out of, in connection with, or in relation to this Agreement or its interpretation, performance, or any breach thereof, which cannot be settled amicably between the parties shall be determined solely and exclusively by arbitration with venue in the State of New Jersey and shall be heard by one arbitrator in accordance with the then existing commercial Rules of the American Arbitration Association ("Rules"). Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide basis, and that an arbitration proceeding involving Franchisor and Franchisee shall not be consolidated with any other arbitration proceeding involving Franchisor and any non-party to this Agreement, including other franchisees. Judgment upon any award, which may include an award of damages, may be entered in the Superior Court of the State of New Jersey, in the court of any jurisdiction in which Franchisee is located, or in any other court having jurisdiction thereof.

This arbitration provision is self-executing. For greater clarity, the above-noted Rules apply, and the arbitration may proceed, and the arbitrator has jurisdiction, regardless of whether any party fails to actively participate or appear. In the event that any party fails without good cause (i) to appear at any properly noticed arbitration proceeding; or (ii) to make payment in full of its share of the required arbitration fees and costs within ten (10) days after notice and demand, absent a previously

E. Entire Agreement. This Agreement constitutes and contains the entire agreement and understanding of the parties with respect to the subject matter hereof, and it may be modified only by a written document executed by the party sought to be bound or obligated. The parties acknowledge hereby that there are no representations, understandings, agreements, terms or conditions not contained or referred to in this Agreement, and that this Agreement supersedes any prior written or oral agreements, representations or inducements, between or among the parties hereto, except for the information contained in Franchisor's Franchise Disclosure Document.

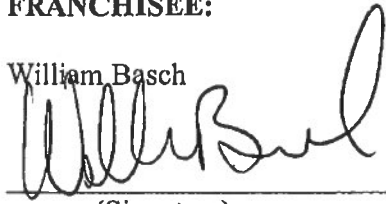
immediate termination of this Agreement and any other agreement Franchisee has with Franchisor or an affiliate of Franchisor, in accordance with the terms of Section X.A. of this Agreement.

In Witness Whereof, Franchisee and Franchisor have executed this Agreement on the date or dates hereinafter written.

THIS AGREEMENT IS NOT EFFECTIVE UNLESS AND UNTIL ACCEPTED BY FRANCHISOR, AS EVIDENCED BY DATING AND SIGNATURE BY AN AUTHORIZED OFFICER OF FRANCHISOR.

FRANCHISEE:

William Basch


(Signature)

Date:

1/30/2010

Full Name (printed): William Basch

Witness of Above

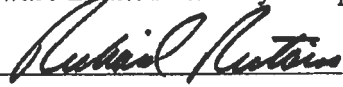
Address and phone number of
Franchisee's residence:

442 Bedford Ave
BROOKLYN NY 11211

FRANCHISOR:

DBR FRANCHISING, LLC
A Delaware Limited Liability Company

By:


CFO

Title

Date:

3/3/10

**EXHIBIT A TO FRANCHISE AGREEMENT
CONDITIONAL ASSIGNMENT OF FRANCHISEE'S
TELEPHONE NUMBERS**

Franchisee (Assignor): William Basch, whose business address is 3 Walton Street, Brooklyn, NY 11206, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by DBR Franchising, LLC (Franchisor/Assignee), having its principal place of business at 426 Vosseller Avenue, Bound Brook, New Jersey, 08805, hereby assigns unto the Assignee all telephone numbers and listings utilized by Assignor in the operation of its HOUSEMASTER business at Assignor's address above-referenced. Assignor acknowledges that HouseMaster® and associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings associated with the HouseMaster® trademarks and service marks was solely due to a limited license granted by Assignee/Franchisor in connection with the Assignee/Franchisor's trademark(s)/service mark(s). Since said license has expired and/or terminated, Assignor has no right to the telephone number or directory listing associated with the Assignee/Franchisor's trademark, including, but not limited to HouseMaster.®

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

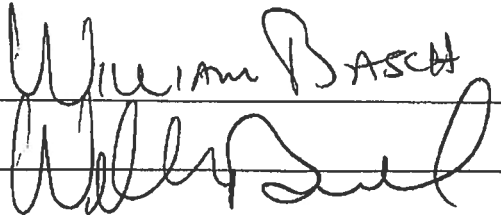
The Assignee hereby assumes the performance of all of the terms, covenants and conditions of the Telephone company with respect to such telephones, telephone numbers and telephone listings with the full force and effect as if the Assignee has been originally issued such telephones, telephone numbers, telephone listings and the usage thereof.

ASSIGNOR (Franchisee):

William Basch

By: _____

Its: _____

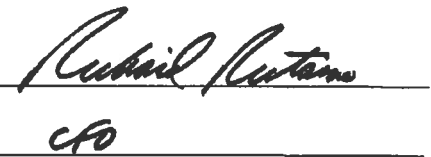


ASSIGNEE (Franchisor):

DBR FRANCHISING, LLC

By: _____

Its: _____


cfo

**EXHIBIT B TO FRANCHISE AGREEMENT
CONSENT AGREEMENT FOR CHARGE CARD AUTHORIZATION**

Franchisee William Basch, whose business address is 3 Walton Street, Brooklyn, NY 11206, hereby consents and permits Franchisor to charge ANY AND ALL fees which become due and payable under the terms and conditions of this Franchise Agreement (including but not limited to royalty-service fees, advertising-promotion contributions, Conference Registration Fees, material purchases, insurance premiums, claims, deductibles and late penalties and interest) to the credit card listed below.

This authorization is irrevocable and shall remain in effect for so long as the Franchise Agreement remains in effect.

In the event the credit card listed below expires or becomes unusable for any reason, Franchisee will supply Franchisor with updated valid credit card information. This new credit card will be subject to this authorization as if it had been in effect at the time this Agreement was signed.

CREDIT CARD INFORMATION:

Card Type (Circle One):

AMEX

VISA

MASTERCARD

DISCOVER

Card Number: _____

Expiration Date: _____

Security Code (If any): _____

FRANCHISEE:

William Basch

FRANCHISOR:

DBR FRANCHISING, LLC

By: _____

By: _____

Date: _____

Date: _____

EXHIBIT C TO FRANCHISE AGREEMENT

HouseMaster®*Home Inspections. Done Right.®***Electronic Funds Transfer Authorization Form**

I, William Basch ("Franchisee"), whose business name is _____, hereby consent and permit DBR Franchising, LLC ("Franchisor") to debit ANY AND ALL fees which become due and payable under the terms and conditions of my Franchise Agreement(s) (including but not limited to royalty-service fees*, advertising-promotion contributions*, conference registration fees, material purchases, late penalties and/or fines) from the bank account listed below.

BANK ACCOUNT INFORMATION

Bank Name: _____ Account Type: ☐ Business ☐ Personal
 Bank City: _____ Account Type: ☐ Checking ☐ Savings
 Bank State or Province: _____
 Account Number: _____ Bank Routing #: _____

Please include a void check from this account when submitting this form.

*In regards to royalty-service fees and advertising-promotion contributions, if Franchisee has not submitted the required Recap Sheet for a specific month in a timely fashion (by the 10th day of the following month) Franchisee hereby permits Franchisor to debit royalty-service fees and advertising-promotion contributions in the amount of the last submitted Recap Sheet or the Franchisee's specific monthly royalty-service fee minimum, whichever is greater. Once said delinquent Recap Sheet has been received an adjustment will be made to the amount charged. Applicable late fees of \$10 per day will continue to accrue until such time Recap Sheet has been received by Franchisor and will be included in the adjustment. Regardless of whether the actual Recap Sheet has been received, Franchisor agrees to debit these monies no sooner than the 10th day of the following month (or the next business day if the 10th falls on a weekend).

It is expressly understood and agreed that Franchisee shall be responsible for a per occurrence fee of Forty Dollars (\$40.00) should any debit be rejected by the above referenced bank account for any reason.

This Authorization is irrevocable and shall remain in effect for so long as the Franchise Agreement remains in effect. In the event the bank account listed above is closed or becomes unusable for any reason, Franchisee agrees to notify Franchisor in writing of any changes to bank account information at least fifteen (15) days prior to the next due date of charges. This new bank account will be subject to this Authorization as if it had been in effect at the time this Agreement was signed.

EXHIBIT D
ADDENDUM TO FRANCHISE AGREEMENT
FOR LIMITED AREA FRANCHISE

This Addendum to Franchise Agreement for a Limited Area Franchise is entered into by and between DBR FRANCHISING, LLC with an address of 426 Vosseller Avenue, Bound Brook, New Jersey, 08805 ("Franchisor") and William Basch, with an address of 3 Walton Street, Brooklyn, NY 11206 (Franchisee").

WHEREAS, certain limited circumstances may warrant the grant of a Limited Area Franchise and Franchisee desires to license such a franchise.

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement and desire to amend certain terms of the Franchise Agreement to convert the grant of the Reciprocal Opportunity Franchise to a Limited Area Franchise.

NOW THEREFORE, in consideration of the good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Franchise Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Franchise Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of the Franchisee and Franchisor remain as written unless modified herein.
2. Subparagraph 1 of Section I.A of the Franchise Agreement is hereby amended by deleting the text and inserting, in its entirety, the following:

1. To use the HOUSEMASTER Method, HOUSEMASTER Marketing Strategy and Proprietary Marks as defined in Section VI. below in connection with the operation of the Franchised Business at a location within the following geographical area ("the Limited Area") Richmond County, New York. Should the Limited Area be described in postal codes and should the boundaries of any such postal codes change for any reason, the Limited Area shall be deemed to be the same geographic boundaries as those designated for those postal codes on the effective date of this Agreement. Upon request, permission to move to a new location or to open additional locations in the Limited Area will not be unreasonably withheld by Franchisor. Franchisor shall not franchise any other party or parties to establish and operate a building inspection and related services business using Franchisor's names and marks at any location within the Limited Area.

3. Subparagraph 2 of Section I.A of the Franchise Agreement is hereby amended in part by replacing the words "Reciprocal Opportunity Franchise Territory" with "Limited Area."
4. Subparagraph 4 of Section I.A of the Franchise Agreement is hereby amended by deleting the text and inserting, in its entirety, the following:

4. The Limited Area granted under this Agreement is protected. Franchisee is prohibited from marketing, advertising, or soliciting customers, or maintaining a presence in any other way in an area licensed to another HOUSEMASTER franchisee. Franchisee is not allowed to conduct inspections or market in another franchisee's Limited Area except as described herein. If Franchisee desires to conduct an inspection in another franchisee's Limited Area, Franchisee must obtain the other franchisee's written consent prior to conducting the inspection. In no event may Franchisee conduct an inspection in an area designated by Franchisor as a Reciprocal Opportunity Franchise Territory. Conducting an inspection in another HOUSEMASTER franchisee's Limited Area without obtaining the applicable franchisee's written permission, conducting an inspection in a Reciprocal Opportunity Franchise Territory, or engaging in any marketing, advertising or solicitation of customers prohibited by this Agreement will result in a fine of \$1,000 per occurrence payable to Franchisor, due upon demand. This penalty is in addition to, not in lieu of, Franchisor's right to terminate Franchisee for said conduct.

If Franchisee conducts an inspection in a geographic area that has not been granted to another HOUSEMASTER franchisee, no consent is required and no penalty will be assessed. However, if such an area is later licensed to a HOUSEMASTER franchisee (whether designated as a Reciprocal Opportunity Franchise or granted as a Limited Area), the necessity to obtain written consent (in the case of a Limited Area) and the cross-territory fine would be enforceable from the date of the grant of the franchise forward. Under no circumstances may Franchisee engage in marketing activities in any open area. Further, if Franchisor receives a complaint regarding a franchisee crossing territories, any confidentiality that may attach to records, reports or forms pursuant to Section II.B. (6.) contained herein is deemed waived by Franchisee.

5. Section I.A. of the Franchise Agreement shall be amended in part by inserting the following:
 6. Franchisee shall generate Gross Sales (as such term is defined at Section II.A.) of no less than \$72,981 by the end of the first year of operation.

6. Section I.C. of the Franchise Agreement is hereby amended in part by the addition of the following:

8. Franchisee, either in the year immediately preceding the expiration date of the initial franchise term granted herein, or on an annual basis averaged over the last three (3) years preceding the expiration date of the initial franchise term granted herein, has made gross annual sales subject to royalty payments paid to Franchisor of no less than \$106,850;

7. The sum of the Initial Franchise Fee to be inserted at Section I.D. of the Franchise Agreement is Zero (\$0) Dollars - RENEWAL.
8. Section I.E. of the Franchise Agreement is hereby amended in part by replacing "ROF Territory" with "Limited Area."
9. The minimum monthly royalty fee to be inserted at Section II.A.1 of the Franchise Agreement is Five Hundred (\$500) Dollars.
10. Subparagraph B. of Section III. of the Franchise Agreement is hereby amended in its entirety as follows:

B. Approval of Local Advertising. Franchisee may in its own right and at its own expense advertise and promote HOUSEMASTER services, provided that all such advertising and promotional materials proposed to be used shall prior to use or publication be submitted to and approved in writing by Franchisor in the interest of maintaining the integrity, force, quality, image, and goodwill associated with the proprietary names and marks of Franchisor. On all advertising and promotional materials, Franchisee must designate the licensed geographic Limited Area that is being serviced by Franchisee in a manner approved by Franchisor. All advertising and promotions by Franchisee shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising, and shall give notice that Franchisee's building inspection business is an independently owned and operated HOUSEMASTER franchise. Franchisee shall indemnify and hold Franchisor harmless for Franchisee's violation of this paragraph. All such advertising and promotional materials prepared, developed or used by Franchisee in connection with the Franchised Business (whether or not approved by Franchisor as required) shall become Franchisor's sole and exclusive property.

11. Subparagraph 6 of Section V.B. of the Franchise Agreement is hereby amended in part by replacing "ROF Territory" with "Limited Area."
12. Subparagraph 10. of Section V.B. of the Franchise Agreement is hereby amended in its entirety as follows:

10. Franchisee shall have a minimum of one (1) dedicated telephone line for use exclusively by the Franchised Business. Said line shall be operational and functioning throughout the term of this Agreement. Any directory listing (i.e., Yellow and White Pages) associated with the dedicated line must be advertised and distributed in Franchisee's Limited Area. All advertising and promotional materials that may cross into another Franchisee's area (due to geographic area compilation of the particular directory only) must designate the Limited Area that is being serviced by Franchisee.

13. Section X.A. of the Franchise Agreement shall be amended in part by the addition of the following:

19. Franchisee fails to attain annual Gross Sales of no less than \$72,981 by the end of the first year of operation;

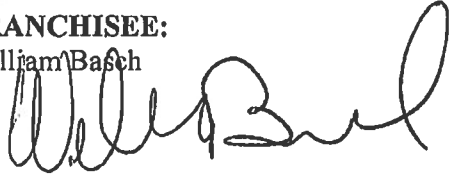
14. Subparagraph 5 of Section XII.B of the Franchise Agreement is hereby amended by deleting the text and inserting, in its entirety, the following:

5. For a period of eighteen (18) months following expiration or termination of the Franchise Agreement for any reason, or the date on which Franchisee ceases to conduct the Franchised Business conducted by it pursuant to this Agreement, whichever is later, and within the geographic area specified below, Franchisee shall not, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, franchise, or have any interest in any business specializing, in whole or in part, in building inspection and/or related services offering or providing any services or selling any products the same as or similar to that provided or sold in the HOUSEMASTER franchise system (a) within a radius of twenty-five (25) miles of the Limited Area described in Section I.A.1 hereunder; (b) within a radius of twenty-five (25) miles of the Limited Area granted to any other HOUSEMASTER business, which is in existence on the date of expiration or termination of this Agreement, whether franchised or owned by Franchisor or an affiliate of Franchisor; and (c) within any geographic area designated by Franchisor as a Reciprocal Opportunity Franchise Territory in which HOUSEMASTER franchisees are operating as of the date of expiration or termination of this Agreement.

In Witness Whereof, Franchisee and Franchisor have executed this Addendum on this _____ day of _____, 20____.

FRANCHISEE:

William Basch



(Signature)

Date:

1/30/2010

FRANCHISOR:

DBR FRANCHISING, LLC

A Delaware Limited Liability Company

By:



Title:

CFO

Date:

3/3/10

Full Name (printed): William Basch

Witness of Above

EXHIBIT E
DBR FRANCHISING, LLC
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum is to a Franchise Agreement dated September 1, 2009 between DBR FRANCHISING, LLC and William Basch (Franchisee) to amend said Agreement as follows:

1. Section I.C. of the Franchise Agreement on "Renewal" and Section VIII.A. of the Franchise Agreement on "Assignment of Franchise Rights" are amended by the addition of the following language to the original language that appears therein:

"All rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied."

2. Section XIII.C. of the Franchise Agreement on "Governing Law/Consent to Jurisdiction" shall be amended by the addition of the following language to the original language that appears therein:

"The foregoing choice of law shall not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the General Business Law of the State of New York."

3. Section IX of the Franchise Agreement on "Assignability by Franchisor" shall be amended by the addition of the following language to the original language that appears herein:

"However, Franchisor shall not assign its rights and obligations to a transferee unless in its reasonable judgment, the transferee is able to fulfill the Franchisor's obligations under its franchise agreements."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective this 1st day September, 2009.

FRANCHISEE:

William Basch



(Signature)

Date: 1/30/2010

FRANCHISOR:

DBR FRANCHISING, LLC

A Delaware Limited Liability Company

By: 

Title: CFO

Date: 3/3/10

Full Name (printed): William Basch

Witness Above

Address and phone number of
Franchisee's residence:

